

Frequently Asked Questions from Providers Regarding ACH

1. What does “ACH” mean?

“ACH” stands for Automated Clearing House. Sometimes this is also referred to “EFT” (Electronic Funds Transfer) or simply as Direct Deposit. All three terms are used interchangeably. This should not to be confused with a “wire transfer.”

2. What does ACH do for me?

ACH is the method of dispersing funds via electronic means instead of writing paper checks. The funds are transferred directly from the State’s account, to the Federal Reserve Bank, and then to the recipient’s bank electronically. There is no uncertainty with delays caused by utilizing the mail, misplacing checks at the recipient’s place of business, and the risk of theft is greatly reduced.

3. Is it safe?

Yes, it is very safe. This is the method that 99.8% of State employees receive their paycheck. Most vendors that do business with the State also utilize this method of receiving payment as well.

4. Why is this starting now?

Previously, the computer system that TennCare used to make payments based on claims did not have the capability to interact with the State’s main accounting computer system to provide ACH details. We have overcome this challenge and can now offer ACH to any provider that wishes to sign up for it.

5. Do I have to sign up for ACH?

No, you are not required to sign up for ACH. But if you do, you will not have to worry about checks in the mail and your funds will be deposited directly into your bank account electronically.

6. Can the State take money out of my account?

No, the state cannot remove funds from your account in this manner. This is a “one-way street” from us to you.

7. What do I need to fill out to get ACH?

There is a one page form that we will supply you that you need to fill out. It needs your business name, federal tax identification number, signature of responsible parties, and bank information. Additionally, a voided check or deposit slip should be attached to confirm the bank routing information. We understand that many businesses may only have a deposit account and don’t have checks or deposit slips. If this is the case, you should obtain a letter from your financial institution on their letterhead with the pertinent bank account routing information on it. Just ask your bank account representative about it, they have probably have done it many times in the past and will know what you need. Then mail the completed form and any attachment back to TennCare.

8. How long will it take before my funds begin coming via ACH?

It may take several weeks before you begin receiving funds via ACH. We have to make sure that all the information matches in the TennCare computer system versus the State's accounting system. We may have to get additional information from you if we cannot reconcile the two systems. Normally that information consists of a new W-9.

9. I do business with other departments of State government. Will this affect the way I get funds from them?

It might. If you have set up ACH previously with another department like Children's Services or Health, we only have to make sure that the information that we are putting into TennCare's computer matches what is already in the State's accounting system. You will continue receiving funds from those departments as usual and then begin receiving your funds from TennCare via ACH. If you have never utilized the ACH function with the State, other departments will be able to use the ACH information that you supply to TennCare to send you their payments via ACH. This is because your bank account information is now in the State's main accounting system.

10. How will I know when I get the funds?

You will still receive your normal Remittance Advice from TennCare detailing your individual claims via mail. The amount showing as paid claims will be your amount of ACH. Additionally, you will receive a one-page remittance advice telling you how much you will receive in your bank account and on what day via ACH. This other remittance advice will come from the Department of Finance and Administration. If you currently receive funds from the State, it will be the same letter only stating that TennCare is sending you the funds.

11. What do I need to do if I change banks?

If you change banks, you will need to complete a new ACH form and send the new banking information just as if you had just started the ACH sign-up procedure. If at all possible, do not close the old account until you receive your first deposit in the new account. There may be payments in process at the time you change banks and if the old account is closed, it creates a "bounce back" and will then put a hold in the State's accounting system on any future payments until the situation is rectified.